



COMBINE WILL

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

聯志國際控股有限公司

(Incorporated in the Cayman Islands on 8 October 2007)

(Company Registration Number: MC-196613)

QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

- (A) **PROPOSED SALE OF 100% OF THE REGISTERED SHARE CAPITAL OF DONGGUAN LIAN ZHI BUSINESS MANAGEMENT CO., LTD. (东莞联志企业管理有限公司) AND 100% OF THE REGISTERED SHARE CAPITAL OF DONGGUAN ZHONG XIN BUSINESS MANAGEMENT CO., LTD. (东莞忠信企业管理有限公司) (THE “PROPOSED SALE ANNOUNCEMENT”); AND**
- (B) **CANGWU COUNTY INDUSTRIAL PARK COMBINE WILL PRODUCTION PROJECT (THE “CANGWU PROJECT ANNOUNCEMENT”)**
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The board of directors of Combine Will International Holdings Limited (the “**Company**”) refers to the Proposed Sale Announcement and the Cangwu Project Announcement released on 30 October 2017.

In connection with the above-mentioned announcements, Singapore Exchange Securities Trading Limited (“**SGX-ST**”) has raised a couple of queries, the details (as well as the Company’s response) are set out below.

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings ascribed to them in the Proposed Sale Announcement and the Cangwu Project Announcement.

1. Proposed Sale Announcement

In relation to the Proposed Sale Announcement:

SGX-ST’s Query:

It is stated, “In line with the Group’s strategy to enhance its production base, the Company and LZTG have on 27 October 2017 entered into an investment agreement with the Cangwu County People’s Government of the PRC...pursuant to which, the Group and the Cangwu Government will jointly invest in the construction of a production facility for the manufacture of products including toys, plastic gifts...”.

What are the salient details of this joint investment arrangement between the Group and the Cangwu Government?

Company’s Response:

The salient details of the joint investment arrangement between the Group and the Cangwu Government are as follows:

- (a) The Cangwu Government will bear the cost of the construction of the production facility while the Group will invest in renovation, installation and production equipment.
- (b) Construction of the production facility is expected to be completed by September 2018 and production shall commence within three months from the date of the handover.
- (c) The Group will enter into a ten-year tenancy agreement with a city investment corporation under the purview of the Cangwu Government upon the handover of the premises.
- (d) The Group has committed to an annual output value of RMB200 million and an annual tax contribution of RMB12 million in the first year of operation, and an annual output value of RMB250 million and an annual tax contribution of at least RMB13.8 million in and from the second year of operation.
- (e) The Group will enjoy rental concessions as well as special subsidies in relation to social security, poverty alleviation and enterprise employment.

2. **Cangwu Project Announcement**

In relation to the Cangwu Project Announcement:

SGX-ST's Query:

It is stated in the Cangwu Project Announcement, "The Project is estimated to cost approximately RMB200 million, and the Cangwu Government will bear the cost of the construction of the production facility while the Group will invest in renovation, installation and production equipment."

Please clarify what is the expected outlay by the Group?

Company's Response:

As stated in the Cangwu Project Announcement, the joint investment from Cangwu Government and the Group is around RMB200 million. The Cangwu Government has budgeted approximately RMB150 million on land and construction. The Group is estimated to invest approximately RMB50 million on the Project, among which machines and equipment with an approximate market value of RMB30 million will be relocated from the Group's current production base to the new facility, and approximately RMB20 million will be spent on interior renovation, installation and other miscellaneous expenses.

By Order of the Board

Chiu Hau Shun, Simon
Executive Director

1 December 2017